



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
CAMPBELL COUNTY SHERIFF**

**Calendar Year 1999**

**EDWARD B. HATCHETT, JR.  
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## **EXECUTIVE SUMMARY**

### **CAMPBELL COUNTY STEVEN PENDERY, SHERIFF CALENDAR YEAR 1999 FEE AUDIT**

On June 19, 2000, fieldwork was completed on the December 31, 1999 Campbell County Sheriff's fee audit. An unqualified opinion was rendered on the financial statements. There were no audit findings.

A fee official in counties with a population over 70, 000 has two funds established with the state for the deposit of fees collected. Seventy-five percent (75%) of the fees collected is deposited in a Sheriff's operating fund and used for office expense of the fee official. The remaining twenty-five percent (25%) of fees is deposited to the county fiscal court fund and periodically paid to the county government. A total of \$282,667 has been paid to the fiscal court via the County Fund with the State Treasurer. As of December 31, 1998, there was a \$5,598 balance in the County Fund.

#### 75% Operating Fund Financial Position

Adequate funds were available to pay all 1999 obligations. In addition as of December 31, 1999, there was a balance of \$199,986 remaining in the operating fund. These funds will be used for year 2000 operating expenses.



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## Edward B. Hatchett, Jr. Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Steven Pendery, Campbell County Judge/Executive

Honorable John Dunn, Campbell County Sheriff

Members of the Campbell County Fiscal Court

### Independent Auditor's Report

We have audited the accompanying statement of receipts and disbursements of the County Sheriff of Campbell County, Kentucky, and the statement of receipts, disbursements, and fund balances of the County Sheriff's operating fund and county fund with the State treasurer for the year ended December 31, 1999. These financial statements are the responsibility of the County Sheriff. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Sheriff's office is required to prepare the financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. This cash basis system does not require the maintenance of a general fixed asset group or general long-term debt group of accounts. Accordingly, the accompanying financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the accompanying financial statements referred to above presents fairly, in all material respects, the receipts and disbursements of the County Sheriff and the receipts, disbursements, fund balances of the County Sheriff's operating fund and county fund with the State Treasurer for the year ended December 31, 1999, in conformity with the basis of accounting described above.

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
John P. McCarty, Secretary  
Finance and Administration Cabinet  
Mike Haydon, Secretary, Revenue Cabinet  
Honorable Steven Pendery, Campbell County Judge/Executive  
Honorable John Dunn, Campbell County Sheriff  
Members of the Campbell County Fiscal Court

In accordance with Government Auditing Standards, we have also issued a report dated June 19, 2000, on our consideration of the County Sheriff's compliance with certain laws and regulations and internal control over financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
June 19, 2000



CAMPBELL COUNTY  
JOHN DUNN, SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 1999

Receipts

State Fees For Services:

Finance and Administration Cabinet	\$ 89,657	
Return of Fugitives	20,838	
KLEPF	<u>30,469</u>	\$ 140,964

Circuit Court Clerk:	55,300
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Fiscal Court	22,229
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County Clerk - Delinquent Taxes	13,446
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Commission On Taxes Collected	897,588
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Fees Collected For Services:

Auto Inspections	\$ 39,470	
Serving Papers	67,822	
Carrying Concealed Deadly Weapon Permits	15,015	
Tax Fees	128,322	
Transportation- Others	<u>1,456</u>	252,085

Other:

Bond Refund	\$ 457	
Interest Earned	24,100	
Miscellaneous	<u>277</u>	<u>24,834</u>

Gross Receipts	\$ 1,406,446
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Disbursements

Operating Disbursements:

Payments to State:

Carrying Concealed Deadly Weapon Permits	\$ 9,350
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CAMPBELL COUNTY  
 JOHN DUNN, SHERIFF  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES  
 Calendar Year 1999  
 (Continued)

Disbursements (Continued)

Other Disbursements:

Postage	\$	10,000	
Returned Check Charge		40	
Return of Fugitive Cost		<u>20,086</u>	\$ <u>30,126</u>

Total Allowable Disbursements			\$ <u>39,476</u>
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Net Receipts			\$ 1,366,970
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Payments to State Treasurer:

75% Operating Account	*	\$ 1,078,705	
25% County Fund		<u>288,265</u>	<u>1,366,970</u>

Balance Due at Completion of Audit			<u><u>\$ 0</u></u>
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\* Includes reimbursed expenses in the amount of \$213,911 for the audit period.  
 See Note 1B of Notes to Financial Statements

The accompanying notes are an integral part of the financial statement.

CAMPBELL COUNTY  
JOHN D. DUNN, SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCES OF THE  
SHERIFF'S OPERATING FUND AND COUNTY FUND WITH THE STATE TREASURER

Calendar Year 1999

	75% Operating Fund	25% County Fund	Totals
Fund Balance - January 1, 1999	\$ 0	\$ 0	\$ 0
<u>Receipts</u>			
Fees Paid to State - Operating Funds (75%)	1,078,705		1,078,705
Fees Paid to State - County Funds (25%)		288,265	288,265
	<hr/>	<hr/>	<hr/>
Total Funds Available	\$ 1,078,705	\$ 288,265	\$ 1,366,970
<u>Disbursements</u>			
Campbell County Government	\$	\$ 282,667	\$ 282,667
Personnel Services-			
Officials Statutory Maximum	75,235		75,235
Deputies Salaries	566,928		566,928
Employee Benefits-			
Social Security	46,548		46,548
Hazardous Duty	76,411		76,411
Health Insurance	41,938		41,938
Contracted Services-			
Advertising	471		471
Supplies and Materials-			
Office Materials and Supplies	11,957		11,957
Gasoline	15,934		15,934
Maintenance and Repairs	10,481		10,481
Other Charges-			
Postage	710		710
Telephone and Paging	10,779		10,779
Insurance	926		926
Rent	1,703		1,703
Deputy Supplies	3,258		3,258
Travel Expenses	1,972		1,972
Service Contracts	4,357		4,357

JOHN D. DUNN, SHERIFF

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCES OF THE  
 SHERIFF'S OPERATING FUND AND COUNTY FUND WITH THE STATE TREASURER  
 Calendar Year 1999  
 (Continued)

	75% Operating Fund	25% County Fund	Totals
<u>Disbursements (Continued)</u>			
Other Charges- (Continued)			
Bond	\$ 558	\$	\$ 558
Computer Expense	831		831
Legal Retainer	5,100		5,100
Miscellaneous	2,622		2,622
	<hr/>	<hr/>	<hr/>
Total Disbursements	\$ 878,719	\$ 282,667	\$ 1,161,386
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Fund Balance - December 31, 1999	\$ 199,986	\$ 5,598	\$ 205,584
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The accompanying notes are an integral part of the financial statement.

CAMPBELL COUNTY  
NOTES TO FINANCIAL STATEMENT

December 31, 1999

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

A fee official in counties with a population over 70,000 has two funds established with the state for the deposit of fees collected. Seventy-five percent (75%) of the fees collected is deposited in a Sheriff's operating fund and used for office expenses of the fee official. The remaining twenty-five percent (25%) of fees is deposited to the county fiscal court fund and periodically paid to the county government. These funds are closed at the end of each four-year term by paying the balances to the respective county government.

B. Basis of Accounting

The financial statement has been prepared on a cash basis of accounting pursuant to KRS 68.210 as recommended by the State Local Finance Officer. Revenues and related assets are generally recognized when received rather than when earned. Certain expenses are recognized when paid rather than when a liability is incurred, including capital asset purchases. Certain other expenses are recognized when a revenue and the related asset can be associated with a corresponding liability due another governmental entity.

The Attorney General issued a letter, which stated that some receipts of the fee official offices could be considered reimbursed expenses. All reimbursed expenses are receipted in the 75 percent fund.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

CAMPBELL COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 1999  
(Continued)

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 6.34 percent. Hazardous covered employees are required to contribute 8.0 percent of their salary to the plan. The county's contribution rate for hazardous employees was 16.28 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3.

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 1999, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bond which named the Sheriff as beneficiary/obligee on the bond.

REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS







Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Honorable Steven Pendery, Campbell County Judge/Executive  
Honorable John Dunn, Campbell County Sheriff  
Members of the Campbell County Fiscal Court

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards

We have audited the Campbell County Sheriff as of December 31, 1999, and have issued our report thereon dated June 19, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Campbell County Sheriff's financial statement as of December 31, 1999, is free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Campbell County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable Steven Pendery, Campbell County Judge/Executive  
Honorable John Dunn, Campbell County Sheriff  
Members of the Campbell County Fiscal Court  
Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
June 19, 2000

